

Message Text

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42

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 IGA-02 L-03 H-02 AGR-05 /099 W

----- 010245

R 051100Z MAR 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 6161

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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EO 11652: NA

TAGS: EFIN, IT

SUBJ: MEW MEASURE TO PENALIZE CAPITAL FLIGHT

PASS TREASURY AND FRB

REF: ROME 3406

1. AS PART OF RECENT GOI FOREIGN EXCHANGE MEASURES (REFTEL)
COUNCIL OF MINISTERS APPROVED MARCH 4 DRAFT DECREE PROPOSED
BY THE MINISTER OF JUSTICE BONIFACIO DESIGNED TO MAKE ANY
INFRACTION OF GOI FOREIGN EXCHANGE CONTROLS PENAL VIOLATION
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IN ADDITION TO CIVIL VIOLATION. IN ADDITION, CRIMINAL SANCTIONS
ARE TO BE ASSESSED AGAINST BANK EMPLOYEES WHO DO NOT VIGOROUSLY

ENFORCE EXCHANGE CONTROL REGULATIONS AND COURTS MAY OBTAIN
CERTAIN DATA FROM BANKS DESPITE BANK SECRECY LAWS.

2. COMMENT. EMBASSY BELIEVES THAT IN GENERAL MEASURE IS
POLITICALLY INSPIRED AND WILL PROBABLY NOT REDUCE IN ANY MEASUR-
ABLE WAY EITHER NUMBER OF EXCHANGE CONTROL VIOLATIONS OR
AMOUNTS INVOLVED. DRAFT DECREE PROVIDES FOR INCREASED LEGAL
RESPONSIBILITY OF MEMBERS OF ITALIAN BANKING SYSTEM TO ENFORCE
THESE MEASURES, PARTICULARLY POSSIBLE VIOLATIONS DUE TO OVER-
INVOICING OF IMPORTS AND UNDER-INVOICING OF EXPORTS. THIS
FEATURE, WHICH HAS BEEN STRONGLY CRITICISED BY BANKING ASSOCIATION
AS ADMINISTRATIVELY BUDENSOME, MAY SLIGHTLY ALTER MECHANISMS
EMPLOYED BY SPECULATORS TO EFFECT CAPITAL FLIGHT BY RES-
TRICTING USE OF THIS COMMON TRANSFER METHOD. VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC PROGRAMS, FOREIGN EXCHANGE RATES, CAPITAL FLOWS, FOREIGN EXCHANGE CONTROLS, BANKERS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ROME03630
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760084-0960
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760390/aaaadbv.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 ROME 3406
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by MartinML>; APPROVED <08 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEW MEASURE TO PENALIZE CAPITAL FLIGHT PASS TREASURY AND FRB
TAGS: EFIN, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006